



DRAFT OPERATION AND CAPITAL BUDGET FINANCIAL YEAR 2012/2013

29 March 2012

BAVIAANS

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MAYORAL SPEECH

2012/2013

1ST DRAFT BUDGET

29 March 2012

BURGEMEESTER TOESPRAAK

Raadslede, Munisipale Bestuurder, Departementshoofde, Gaste, Dames en Here.
Goeie môre almal.

Die Baviaans Munisipaliteit word in die komende begrotingsjaar steeds die taak gestel om volhoubare en ekonomies lewensvatbare plaaslike bestuursfunksies te verrig.

Ons is in 'n fase van ekonomiese herstel en die volhoubaarheid en bekostigbaarheid van dienslewering bly hoog op die agenda ten einde die gemeenskappe van bekostigbare en goeie gehalte dienste te voorsien. Ons bevind onself in 'n posisie waar ons voortdurend ons strategieë moet aanpas om in te pas by heersende ekonomiese toestande aangesien ons nie die munisipaliteit van die wêreld ekonomie kan isoleer nie.

Die Nasionale tesourie se vooruitskatting van 'n groei in die BBP word op 2.8% gereken vir 2012. Die provinsiale ekonomie sal na verwagting ook teen 'n koers van 2.8% groei in die volgende jaar met 'n verwagte verbetering na 3.8% in 2013 en 4.1% in 2014.

Die gemiddelde verbruikersinflasie vir die afgelope jaar het 5% beloop en inflasie vooruitskattings vir die komende boekjaar behoort ook naby die boonste perk van die reserwebank se teiken van tussen 3% en 6% te realiseer.

Met die voorafgaande syfers in ag genome word daar in die 2012/2013 begroting siklus steeds klem gelê op waarde vir geld in al ons spandering, die aanmoediging van besparings en ontginning van alle inkomste bronne ten einde die ekonomiese vooruitgang van die munisipaliteit te verseker.

Die Baviaans Munisipaliteit moet teen die agtergrond van 'n baie moeilike finansiële jaar sy begroting laat klop. Die addisionele toekenning wat deur die Nasionale Fiskus vir die toegevoegde DMA gebied aan die Baviaans Munisipaliteit beskikbaar gestel is, skiet ver te kort en die Munisipaliteit is dus aangewese op besparings en kritiese besnoeiings om sy inkomste en uitgawes te maak klop!

Die begroting wat ek hier ter tafel lê, is opgestel in terme van die bepalings van die Munisipale Finansiële Bestuurswet (Wet 56 van 2003) en voldoen aan die algemeen aanvaarde rekeningkundige praktyk soos van toepassing op plaaslike bestuur.

Die begroting is opgestel binne die riglyne van Makro Ekonomiese groei en spreek ook van die Nasionale Beleidsraamwerk en Provinsiale prioriteite aan wat onder andere die volgende insluit:

- Die versterking van fiskale dissipline
- Toenemende kanalisering van fondse om infrastruktuur te ontwikkel, armoede te verlig en werkskepping te versnel.
- Deelname aan die uitgebreide openbare werke programme en arbeid intensiewe projekte.
- Bou van kapasiteit vir langtermyn groei deur middel van investering in infrastruktuur.
- Handhawing van volhoubare skuldvlakke deur middel van debiteure bestuur en maksimering van bronne van inkomste.
- Fokus op kern dienslewering aktiwiteite van plaaslike bestuur.

- Die versekering van die "gesondheid" van die munisipale bates deur maksimale allokering van fondse vir onderhoud

Die volgende onderliggende faktore is ook in aanmerking geneem met die opstel van die 2012/2013 begroting:

- Die huidige sosio-ekonomiese en maatskaplike omstandighede van ons gemeenskappe en veral die hoë werkloosheidsyfer in die munisipale gebied.
- Eksterne faktore wat 'n direkte invloed op die begroting het soos die voorgestelde Eskom prysverhoging van 13.5%, verbruikersinflasie, die loonooreenkoms wat met georganiseerde arbeid ooreengekom is asook ander faktore wat die koste van dienslewering kan beïnvloed.

FOKUS VAN DIE 2012/2013 BEGROTING

- In die 2012/2013 begroting word klem gelê op kern dienslewering verpligtinge wat grondwetlik aan die munisipaliteit opgedra is.
- Die instandhouding van bestaande infrastruktuur geniet weereens voorkeur en daar word fokus geplaas op voorkomende en geskeduleerde onderhoud wat deur behoorlike beplanning voorafgegaan is.
- Verskaffing van basiese dienste, die verbetering van die gehalte van behuising en infrastruktuur asook ekonomies volhoubare dienslewering.

KAPITAALBEGROTING

Die Kapitaalbegroting is 'n uitvloeisel van die GOP en bevat inligting verkry vanaf die onderskeie gemeenskappe deur middel van openbare vergaderinge en wykskomitee prosesse. Die kapitaalbegroting vir die 2012/2013 boekjaar beloop R 18.66 Miljoen met die hoof fokus op die volgende:

Waterskaffing	R 6 Miljoen
Behuising	R 4.9 Miljoen
Rioolwerke	R 2.7 Miljoen
Paaie en Stormwater	R 4.0 Miljoen
Toerusting en ander	R .9 Miljoen

Kapitaalprojekte word hoofsaaklik deur middel van toekennings en skenkings ten bedrae van R18.2 Miljoen befonds.

BEDRYFSBEGROTING

Die bedryfsbegroting vir die 2012/2013 boekjaar beloop R 44.96 Miljoen wat 'n verlaging van 0.82 % op die 2011/2012 begroting meebring. Die onderhoudsbegroting vir die komende begrotingsjaar beloop R 1,56 Miljoen wat 3.46% van die totale bedryfsuitgawes verteenwoordig.

Daar word voorlopig vir 'n algemene salaris aanpassing van 6% begroot aangesien die salariss onderhandelinge met georganiseerde arbeid nog nie afgehandel is nie.

Die totale salaris begroting, inklusief van die vergoeding van openbare ampsdraers, vir die komende boekjaar beloop 22.78 Miljoen wat 50.67% van die totale bedryfsbegroting verteenwoordig.

Die hoof bronne van inkomste sien soos volg daarna uit:

Verkoop van Elektrisiteit	R 8.94 Miljoen
Eiendomsbelasting	R 3.46 Miljoen
Verkoop van Water	R 3.16 Miljoen
Rioolgelde	R 1.37 Miljoen
Vullisverwyderingsgelde	R 1.69 Miljoen
Subsidies en Toekennings	R 21.8 Miljoen

DEERNISHULP

Daar word in die bedryfsbegroting voorsien vir deernis hulp ten bedrae van R158.88 per kwalifiserende huishouding per maand wat 50 eenhede Elektrisiteit, 8 Kiloliter water asook subsidie vir riolering en vullisverwydering en eiendomsbelasting insluit. Die deernis beleid maak voorsiening dat alle huishoudings waarvan die inkomste minder is as 2 maal die regerings se ouderdomspensioen per maand vir subsidie kwalifiseer.

Daar word begroot vir deernis hulp ten bedrae van R 5.34 Miljoen vir die 2012/2013 boekjaar.

Daar word ook 'n bedrag van R100,000 opsy gesit vir die herstel van waterlekkasies in deernis huishoudings.

TARIEWE

Dit is noodsaaklik om die finansiële volhoubaarheid en lewensvatbaarheid van die Raad te verseker en daar is dus met die bepaling van die tariewe, ook van hierdie beginsels gebruik gemaak. Dit word as doelwit gestel om te verseker dat die handels- en ekonomiese dienste van die Raad, elk onafhanklik en volhoubaar bedryf kan word.

Ek vind dit noodsaaklik om aan u voor te hou dat die tariewe wat tans gehef word nie voldoende is om die lewensvatbaarheid van die dienste en die munisipaliteit te verseker nie, en daar in die komende begrotingsjare daadwerlik aandag geskenk sal moet word aan die instelling van tariewe wat die werklike koste van dienslewering verteenwoordig.

Die gemiddelde persentasie tariefverhogings vir die hoof bronne van inkomste uit verbruikersdienste is soos volg:

Eiendomsbelasting	- 10%
Riool	- 10%
Vullisverwydering	- 10%
Water	- 12%
Elektrisiteit	- 11%

SDBIP (DIENSLEWERING EN BEGROTING IMPLEMENTERINGSPLAN)

Die konsep hoëvlak SDBIP word hierby aangeheg en is 'n aanduiding van die diensleweringsteikens wat vir die 2012/2013 boekjaar gestel word, klem word gelê op die handhawing en verbetering van diensleweringvlakke en ook uitbreiding van dienslewering aan al ons gemeenskappe.

TEN SLOTTE

Die meegaande begroting wat ek hier ter tafel lê moet nie as 'n finale dokument beskou word nie en sal gevolglik aan openbare deelname prosesse onderwerp word ten einde die insette van alle rolspelers te verkry wat in ag geneem sal word met die opstel van die finale begroting.

Ek wil u uitnoui om deur u insette 'n bydrae tot die proses te lewer ten einde maksimum deelname en deursigtigheid te verseker.

EK DANK U

**E. LOOCK
BURGEMEESTER**

MAYORAL SPEECH

Councillors, municipal manager, heads of department, guests, ladies and gentlemen, good morning to all.

Speaker, the Baviaans Municipality is again in the 2011/2012 budget year set the task to provide sustainable and economically viable local governance to our communities. We find ourselves in a phase of economic recovery and the provision of affordable and sustainable, quality services to all our communities, remain high on the agenda. We find ourselves in a position where we have to continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy.

The National treasury estimates a growth in the GDP to be 2.8% for 2012 and it is expected that the Provincial economy will also grow by 2.8% during 2012, with forecasts of 3,6% and 4,2% for 2013 and 2014 respectively.

The average inflation rate for 2011 was 5% and it is estimated that it will remain close to the upper limit of target set by the reserve bank of between 3% and 6% for the remainder of 2012

It is with the aforementioned figures in mind that we still place strong emphasis on value for money in all our procurement processes, and that we continue to encourage savings and strive to maximize all possible revenue sources for the 2012/2013 financial year in our strive to secure the economic progression of the municipality.

The Baviaans Municipality must, against the background of a very difficult financial year, balance its books. The additional allocation through the equitable share that was made available for the administration of the added DMA area is far too little for the proper administration and service delivery in the area, and the municipality therefore needs to rely on savings and critical cut-backs to ensure a balanced budget.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the following National Policy frameworks and Provincial priorities including the following:

- Strengthening of fiscal discipline
- Incremental channeling of funds towards infrastructure development, poverty alleviation and job creation.
- Participation in expanded public works programs and labour intensive projects.
- Building of capacity for long term growth through investment in infrastructure
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Focus on core service delivery activities of local government
- Securing the health of the municipal asset base by maximizing spending on repairs and maintenance.

The following underlying factors were also taken into consideration with the compilation of the 2012/2013 budget:

- The current socio economic circumstances of our communities and especially the high rate of unemployment
- External factors having a direct impact on the budget such as the Eskom tariff increase of 13.5%, consumer inflation, the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.

FOCUS OF THE 2012/2013 BUDGET

- With the 2012/2013 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure enjoys preference once again and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery.

CAPITAL BUDGET

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable. The capital budget for the 2012/2013 financial year amounts to R18.66 Million with the main focus on the following:

Provision of water	R 6.0 Million
Housing	R 4.9 Million
Sewer works	R 2.7 Million
Roads and stormwater	R 4.0 Million
Equipment and other	R .9 Million

Capital projects for the 2012/2013 financial year are funded from grants receivable from the National and Provincial Government amounting to R 18.2 Million.

OPERATING BUDGET

The operating budget for the 2012/2013 financial year amounts to R44.96 Million which represents a decrease of .82% over the budget for the 2011/2012 financial year. The maintenance budget for the coming financial year amounts to R 1.56 Million which represents 3.4% of the total operating expenditure.

A provisional 6% across the board general salary increase is budgeted as the salary negotiations have not yet been concluded with organized labour.

The total salary expenditure amounts to R22.78 Million and represents 50.67% of the total budgeted expenditure. This amount also includes the remuneration applicable to public office bearers.

The major sources of revenue can be summarized as follows:

Sale of Electricity	R 8.94 Million
Assessment Rates	R 3.46 Million
Sale of Water	R 3.16 Million
Sewer fees	R 1.37 Million
Refuse fees	R 1.69 Million
Grants and Subsidies	R 21.8 Million

INDIGENT SUBSIDIES

Provision is made in the operating budget for the subsidizing of the indigent in the amount of R158.88 per qualifying household per month. The subsidy includes 8000 liters of water, 50 units of electricity as well as a 100% subsidy on the refuse, 100% on assessment rates as well as the sewer tariff applicable to a household. The indigent policy provides for assistance to be given to households with a monthly income of less than twice the government pension.

The total budget for Indigent subsidies amounts to R 5.34 Million for the 2012/2013 financial year.

Provision is also made for the repair of water leakages at indigent households in the amount of R100,000 for the 2012/2013 financial year.

TARIFFS

It is of essence that the financial viability and sustainability of the municipality is secured and therefore the principle of economic viability and sustainability was applied in the tariff determination for the 2012/2013 financial year. The aim of the tariff determinations are to ensure that all services can be run as a going concern on an independent and sustainable manner.

I find it necessary to point out that the current tariffs are not sufficient to ensure the sustainability of services and we would need to emphasize the implementation of cost reflective tariffs, essential for the economic viability of the municipality in the concurrent financial years.

The proposed average increase in the main tariff categories for the 2011/2012 financial year are as follows:

Assessment rates	- 10%
Sewerage	- 10%
Refuse removal	- 10%
Water	- 12%
Electricity	- 11%

SDBIP (SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN)

The top level service delivery and budget implementation plan is attached herewith and is an indication of service delivery targets that is set for the 2012/2013 financial year. Emphasis is placed on sustaining and improving service delivery levels and extending services to all our communities.

IN CONCLUSION

The budget submitted here today must not be construed as a final document and will be taken through a process of public participation to obtain input from all role players. Input obtained will be considered before the final budget is submitted to Council for approval.

I would therefore like to invite you to participate in the budgeting process to ensure an inclusive budget, transparency and accountability.

I THANK U

**E LOOCK
MAYOR**

DRAFT RESOLUTIONS

2012/2013

DRAFT RESOLUTIONS

- a) That Capital Expenditure to the amount of R 18,665,950 as reflected in the attached budget tables be approved for the 2012/2013 and concurrent financial years.
- b) That the Operating Budget for the 2012/2013 financial year, with expenditure of R44,960,484 and income of R 38,417,814 and concurrent financial years as reflected in the attached summary be approved.
- c) That the tariffs as set out in the attached tariff annexure be approved and implemented with effect from 1 July 2012.
- d) That free basic services be provided to all registered indigent consumers **only** as follows:
 - The first 50 units of electricity free of charge
 - The first 8 kiloliters of water free of charge
 - Refuse removal - full subsidy of single residential monthly levy and town cleaning levy
 - Sewerage – full subsidy of single residential monthly usage and basic service charges
 - Property rates 100% subsidy
- e) That the amendments to the policies as per the attached documents be noted.
- f) That interest be charged on all debtors accounts outstanding for a period of more than 60 days at the prevailing prime interest rate plus 2% charged by the Municipality's Banker.
- g) That in terms of the provisions of **Section 75A** of the Municipal Systems Act, 32 of 2000, the notice of the tariff amendments be displayed on notice boards at all municipal offices, libraries, and be advertised in Die Burger and The Herald newspapers.
- h) That in terms of the provisions of the Municipal Property Rates Act, (Act 6 of 2004) the remissions be granted to property owners in terms of the provisions of the municipal rates policy subject to the conditions contained in said policy
- i) That the amount due in respect of annual assessment rates for the 2012/2013 be due and payable on or before 29 September 2012.
- j) That the amount due in respect of monthly Assessment rates and other service, basic and consumption charges, fees and penalties be due and payable on or before the following dates: 17 July 2012, 17 August 2012, 14 September 2012, 15 October 2012, 16 November 2012, 14 December 2012, 15 January 2013, 15 February 2013, 15 March 2013, 15 April 2013, 15 May 2013, 15 June 2013.
- k) That the IDP attached herewith for the 2012/2017 cycle be approved.

EXECUTIVE SUMMARY

2012/2013

1ST DRAFT BUDGET

EXECUTIVE SUMMARY

PREFACE

Baviaans Municipality is a category Municipality and together with 9 other B municipalities form the Cacadu District Municipal area.

Baviaans Municipality covers an area of 7727.01 square kilometers with two urban nodes, namely Willowmore and Steytleville. Willowmore is the nodal point of the municipality as determined in terms of the Section 12 notice published in terms of the provisions of the municipal structures Act and also serves as administrative hub for the municipality, the district offices of Provincial as well as National Government Departments.

The area is scarcely populated with between 1 an 100 people per km². The Local municipality is situated between 23 and 25 degree longitude and 33 and 34 degree of Southern Latitude and is approximately 1500 meters above sea level.

The well known Baviaanskloof Nature Reserve is situated in the southern portion of the jurisdictional area and also covers approximately 60% of the municipal area.

Agriculture, tourism and service industries form the basis of the area's economy.

The budget tabled here today is the MTREF (Medium Term Revenue and Expenditure Framework) for the 2012/2013, 2013/2014 and 2014/2015 financial years as legislatively prescribed.

CAPITAL BUDGET

The drafting of the IDP runs concurrent with the 2012/2013 budget process in order to update the Medium Term Expenditure Framework (MTEF). The IDP budget link is summarized in the supporting tables attached hereto.

The Medium Term Expenditure Framework should guide the municipality with regards to its funding requirements in the medium term (3 years). Confirmed grant funding for the 2012/2013 financial year amounts to R18.2 Million.

Capital investment for the 2013/2014 financial year amounts to R 16.2 Million and the 2014/2015 financial year amounts to R 18.09 Million. A total of R53 Million is thus needed to finance the Medium Term Expenditure Framework. The aforementioned capital requirements are only indicative of the confirmed funding for the MTEF and do not include issues of priority where funding applications are in process and have not yet been confirmed.

From the MTEF it is clear that the council is once again relying on grants and subsidies for the funding of its capital requirements, the main source being MIG, Housing and Bulk infrastructure grants.

Main contributing factors to the capital budget for the 2012/2013 financial year are:

Provision of water	R 6.0 Million
Housing	R 4.9 Million

Sewer works	R 2.7 Million
Roads and stormwater	R 4.0 Million
Equipment and other	R .9 Million

OPERATING BUDGET

The decline in the operating budget amounts to R 327,778 for the 2012/2013 financial year and represents a decrease increase of .82% over the 2011/2012 budget. Increase in budget can be ascribed to the following:

- Increase in salary expenditure due to the 6% across the board increase as Nationally agreed with organized labour. This represents an increase of R 3.2 Million over the amount budgeted for 2011/2012.
- A decrease of 13.85% (R250,000) in maintenance expenditure is budgeted, this can mainly be ascribed to financial constraints and affordability issues, it should however be noted that maintenance through the EPWP will amount to R2,150,000 for the 2012/2013 financial year.
- An increase of 13.5% in the purchase price of electricity from Eskom.
- Contributions to provisions and reserves also required in terms of the applicable GRAP standards have not been made due to financial constraints.

A summary of the operating budget is attached herewith and includes all operating expenditure necessary for operating the municipality for the 2012/2013 financial year.

The operating budget for the 2013/2014 and 2014/2015 financial years are based on a growth of 5.9% and 5.3% per annum respectively. Where other factors impacting on the budget are known, it has been calculated as such and is included in the budget figures.

EXPENDITURE

The operating expenditure budget for 2012/2013 is R 44,960,484 which represents a decrease of R372,778 (.82%) over the budget for the 2011/2012 financial year.

Salary and related expenditure, excluding remuneration of public office bearers, amounts to R 22.78 Million or 50.67% of the total expenditure.

A decrease of 13.85% (R250,000) in maintenance expenditure is budgeted, this can mainly be ascribed to financial constraints and affordability issues, it should however be noted that maintenance through the EPWP will amount to R2,150,000 for the 2012/2013 financial year.

REVENUE

The budgeted revenue for the 2012/2013 financial year amounts to R 38,417,814 a deficit of R 6.542 Million is budgeted for the 2012/2013 financial year.

The revenue budget is compiled taking into account a 100% collection rate on debtors, if for any reason this rate is not attained, expenditure would need to be cut back in order to ensure that the municipality does not operate in a deficit.

PROVISION FOR IRRECOVERABLE DEBT

Provision is made for a contribution for irrecoverable debt in the amount of R560,000 for the 2012/2013 financial year, this is reflective of the current payment rate of 97% and is necessary to ensure the economic sustainability of the municipality.

REVENUE PER SOURCE

An analysis of the revenue per source for the 2012/2013 financial year is reflected in the attached budget schedules and the main sources are summarized in brief as follows:

Sale of Electricity	R 8.94 Million
Assessment Rates	R 3.46 Million
Sale of Water	R 3.16 Million
Sewer fees	R 1.37 Million
Refuse fees	R 1.69 Million
Grants and Subsidies	R 21.8 Million

TARRIFS

It is important to ensure the financial sustainability and economic viability of the municipality and these principles were therefore applied in the determination of the tariffs for the 2012/2013 financial year. The aim of the tariff determinations are also to ensure that all services can be run independently as a going concern.

In terms of a National treasury guideline, municipalities are eluded to the fact that tariffs should be cost reflective and it should be noted that this principle would need to be applied in this and future budgets. Current tariffs are not cost reflective and serious consideration would need to be given to substantial tariff increases in the subsequent financial years.

ASSESSMENT RATES

In order to enable the municipality to fulfill its constitutional mandate with regards to the rendering of municipal services and the management of its municipal area, an across the board increase of 10% in respect of assessment rate tariffs are proposed.

The rebates on assessment rates are contained in municipal rates policy and are applicable once again to the 2012/2013 financial year to qualifying ratepayers subject to the conditions as determined by Council.

SEWERAGE

It is proposed that the sewerage tariffs be increased by 10% for both households and businesses. This is necessary to ensure that current service levels are maintained and to prevent infrastructure falling into disrepair.

Provision is made on the capital budget for an amount of R1.2 Million for the upgrade of wastewater treatment works as well as R1.57 Million for the eradication of the bucket system in Steytlerville.

ELECTRICITY

The Municipality finds itself in the unfortunate position that it has no option but to filter down the proposed Eskom increase to its consumers, the Eskom increase to the municipality amounts to 13.5% of which 11% is filtered down to the consumers as a tariff increase.

50 units of free basic electricity is provided to indigent consumers only in the 2012/2013 financial year.

Maintenance expenditure in respect of the electricity amounts to R 485,000 Million for the 2012/2013 financial year, representing 5% of annual electricity sales as per the NERSA directive.

WATER

In terms of National treasury guidelines the water tariffs must be cost reflective and the provision of potable water should carry the highest priority.

In order to comply with this instruction, the water tariffs applicable to the 2012/2013 financial year is said to increase by 12%.

The tariff increase is necessary to ensure the economic viability and sustainability of the water service and to secure the quality of water provision to all communities.

REFUSE REMOVAL

It is proposed that the refuse tariff increase by 10% for the 2012/2013 financial year, The municipality must in terms of the requirements of GRAP contribute to a provision for the rehabilitation of refuse sites, this contribution has not been included in the draft budget for 2012/2013 figures due to financial constraints.

INDIGENT SUBSIDY

The municipality will once again in the 2012/2013 financial year strive towards sufficient subsidization of indigent households. Provision is made as follows in the operating budget for the subsidizing of the indigent:

Electricity	50 Units
Water	8 Kiloliter
Sewerage	Full subsidy of the single household tariff
Refuse removal	Full subsidy of the single household tariff
Assessment rates	100 Subsidy
Total	R 159 per household per month

Provision is made on the budget to subsidize 2800 households at a total cost of R5,342,000 for the 2012/2013 financial year.

Provision is also made for the repair of water leakages at indigent households in the amount of R100,000 for the 2012/2013 financial year.

FINANCIAL VIABILITY AND SUSTAINABILITY

The Municipality must ensure the financial sustainability of its operations and ensure that it operates as a going concern. The draft budget currently does not support this principle and a serious effort would be necessary to ensure the reaching of to these goals.

The Municipality is currently still struggling to meet all of its current and long term commitments. Current liabilities are exceeding current assets with R 8.36 Million as at 30 June 2011.

SDBIP (SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN)

A draft top level service delivery and budget implementation plan is included in the budget documentation. The SDBIP is indicative of service delivery targets for the 2012/2013 financial year. Emphasis is placed on the sustaining of current services and further enhancement of service delivery to all communities.

BUDGET PROCESS OVERVIEW

2012/2013

BUDGET PROCESS OVERVIEW 2012/2013 FINANCIAL YEAR

The draft budget for the 2012/2013 financial year was drawn up in terms of the provisions of the MFMA especially regarding the public participation and the involvement of all stakeholders in the budget process.

Following a brief summary of the process followed in the preparation of the first draft of the budget as well as the public participation process:

- The budget program was approved by the council during August 2011. Key deadlines set in the budget program were met.
- A revision of the 2011/2012 Budget was approved in February 2012.
- The 2011/2012 service delivery and budget implementation plan was consulted as a base document in determining whether current year targets were met and used as a yardstick for future maintenance and operational requirements. The SDBIP together with the IDP also gave guidance in respect of the capital needs and programs for the 2012/2013 financial cycle and MTREF.
- The focus of the 2012/2013 draft budget is once again on preventative maintenance and planned maintenance within a reduced allocation for maintenance.
- An extensive program of public participation was embarked upon with the aim to draft the IDP and identify community needs for inclusion in the 2012/2017 IDP cycle.
- Meetings with communities were held during February 2012.

ALIGNMENT OF BUDGET WITH IDP

2012/2013

OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN 2012/2013

The draft IDP for the 2012/2017 cycle was drawn up in terms of the provisions of the following pieces of legislation:

- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);
- The Municipal Systems Act, 2000 (Act 32 of 2000); and
- The Municipal Finance Management Act, 2003 (Act 56 of 2003).

The MSA requires each Municipality to adopt a "process set out in writing" to guide the planning, drafting, adoption and review of their IDP's. The process plan for the 2012/13 financial year was approved by Council on 28 July 2011.

The revision process as required by legislation is not aimed at replacing (re-compiling) the five-year IDP, but serves to take into account experience gained thus far and performance trends as set out against their respective five-year targets. The Municipality also takes into account changing needs of communities and the shift priorities of the community in the IDP.

Following a brief summary of the process followed in drafting of the IDP and alignment to the budgeting process:

- Participation sessions and comments on the IDP as follows:
 - Communities were engaged during November 2011 as well as during the course of February and March 2012 to inform on the drafting of the new IDP and to obtain input for the 2012/2017 IDP cycle.
- The IDP strategic goals are aligned with the respective operating and capital votes as reflected in the budget and tables to be submitted to the National Treasury.
- The draft of new IDP will be discussed with communities simultaneous with the draft budget as part of the budget community participation process.

OVERVIEW OF BUDGET RELATED POLICIES

2012/2013

OVERVIEW OF BUDGET RELATED POLICIES: 2012/2013 BUDGET YEAR

The following policies inform the budget and are available at all the Administrative offices of the Municipality for information purposes:

- Credit control and indigent policy. The policy has been reviewed.
- Tariff policy – No amendments to the current approved tariff policy is proposed as part of the first draft of the budget.
- Supply Chain Management policy – Amendments include the regulations regarding BBBEEE certification implemented with effect from 7 December 2011 as per Treasury Regulations.
- Rates Policy – The rates policy was adopted in 2007 there are no proposed amendments to the property rates policy of the municipality for the 2012/2013 financial year.

BUDGET ASSUMPTIONS

2012/2013

OVERVIEW OF BUDGET ASSUMPTIONS 2012/2013 FINANCIAL YEAR FIRST DRAFT BUDGET

The draft budget for the 2012/2013 financial year was drawn up with the following assumptions and principles taken into account:

- The budget is prepared in terms of the provisions of the Generally Recognised Accounting Practice framework to comply with the provisions of the MFMA GAMAP/GRAP implementation dates.
- Revenue figures are based on realistic estimates of revenue to be collected.
- Actual revenue collected for the current year and realistic revenue projections were taken into account in determining the revenue for the coming year.
- The principals of economic viability and sustainability is applied in all services and where possible no cross subsidization is done between services.
- National growth parameters were used as far as possible for the determination of outer year budget amounts.
- A growth in indigent households is anticipated for the 2012/2013 financial year increasing the number from a current 2455 to total of budgeted total of 2800 for the new financial year.
- Increase in Electricity purchases are budgeted at 13.5% in line with the NERSA Eskom tariff determination.
- Maintenance in respect of Electricity was budgeted in terms of the guideline issued by NERSA of 5% of revenue raised.
- A general salary increase of 6 % is used for the determination of the salaries of staff and the Public office bearers alike.
- The Municipality still relies heavily on grants and subsidies for funding of the capital requirements for the 2012/2013 financial year and does not possess the financial capacity to raise capital from own revenue sources.
- Only funded capital projects are included in the capital estimates for the 2012/2013 financial year.
- Both the capital and operating budgets are informed by the IDP process done through a public participation process.

BUDGET FUNDING OVERVIEW

2012/2013

BUDGET FUNDING OVERVIEW 2012/2013 FINANCIAL YEAR

FUNDING OF OPERATING EXPENDITURE

Operating expenditure to the amount of R 44,960,484 is funded through the following sources;

• Property rates	- 3,462,377
• Revenue raised through tariffs and fees and penalties	- 15,328,359
• Government Grants and Subsidies	- 21,839,000
• Rental of facilities and equipment	- 2,960,478
• Interest earned	- 80,000
• Other revenue	- 90,000
Total revenue	- 43,760,214
Less revenue foregone	- 5,342,400
Revenue	- 38,417,814
Total Expenditure	- 44,960,484
Net Budgeted Deficit	- 6,542,670

Operating revenue raised is budgeted bearing in mind a 100% debtors payment percentage, should actual payment rates be lower, a downward adjustment of the expenditure needs to be done through a budget control process.

FUNDING OF CAPITAL EXPENDITURE

Capital expenditure for the 2012/2013 financial year amounts to R 18,665,950 and is funded as follows:

• Grants and subsidies received	- 18,205,950
• Contribution from CRR	- 460,000
Total funding	- 18,665,950

CONTRIBUTIONS TO RESERVES AND PROVISIONS

The following contributions to provisions are budgeted:

Contribution to the capital replacement reserve for the purpose of capital funding in the amount of R 460,000 is budgeted for the 2012/2013 financial year.

A contribution of R560,000 is made toward the provision for irrecoverable debt taking into account the current non-payment ratio of debtors.

FISCAL SUSTAINABILITY OF THE MUNICIPALITY

The budget is compiled with the assumption of a 100% debtors payment rate, the current debtors payment rate is approximately 97%.

Budget control is exercised in order to ensure that operating expenditure does not exceed actual operating revenue received. The current revenue levels are sufficient to ensure the sustainable rendering of services and the execution of the constitutional

mandate in the short and medium term. The municipality is currently struggling to service all of its current commitments and continue as a going concern.

The credit control policy will be strictly enforced in the 2012/2013 financial year to ensure that all monies due to the municipality is collected in further contribution to the sustainable rendering of services. Incentives are available to consumers/ratepayers in arrears should accounts be settled or arrangements for the settlement of long outstanding debt be concluded.

FUNDING COMPLIANCE IN TERMS OF SECTION 18 OF THE MFMA

In compliance with the requirements of Section 18 of the MFMA, the revenue budget was based on the following principles:

- Realistically anticipated revenue to be collected.
- Borrowed funds only for capital expenditure.
- Projected revenue for the current year is based on collection levels to date.
- Actual revenue of previous years was taken into account.
- Capital projects were only included if funding confirmation was received, either by means of the DORA allocations as promulgated or by means of commitment from funding institutions.

PARTICULARS OF PLANNED SAVINGS OVER THE MEDIUM TERM

The principle of value adding in all aspects of the administration and service rendering is applied and no expenditure is incurred unless value is added to the municipal administration or services. Care is taken in administrative and supply chain processes to ensure that real economic benefit flows to the municipality as a result of funds being spent.

The following expenditure items are closely monitored:

- Travelling and subsistence
- Telephone expenses.
- Overtime and standby allowances
- Workshops and conferences.
- Fuel and maintenance expenditure in respect of service delivery vehicles

CONTRIBUTIONS OR DONATIONS IN CASH OR IN-KIND

No donations are budgeted for the 2012/2013 financial year..

PARTICULARS OF THE MUNICIPALITY'S INVESTMENTS

None

PARTICULARS OF BANK OVERDRAFTS AND CREDIT FACILITIES

The municipality currently operates a bank overdraft to finance operational requirements in the short term, and it is envisaged that the municipality may once again be required to

make use of an overdraft facility in the 2012/2013 financial year in the amount of R 3 Million.

PARTICULARS OF NEW AND EXISTING BORROWINGS

No new borrowings are envisaged for the 2012/2013 financial year.

PARTICULARS OF GRANTS AND SUBSIDIES RECEIVED

The budgeted grants to be received for the 2011/2012 financial year are as follows:

OPERATING GRANTS AND SUBSIDIES

Grant: financial management grant	1 250 000.00
Grant: EPWP	2 000 000.00
Grant: MSIG	800 000.00
Subsidy: equitable share	17 189 000.00
PMU UNIT MIG	600 000.00
Total	21 839 000.00

CAPITAL GRANTS AND SUBSIDIES

Subsidy – MIG	13 265 950.00
Subsidy – Housing	4 940 000.00
Total	18 205 950.00

PARTICULARS OF PROPERTY VALUATIONS RATES TARIFFS AND CHARGES

Property rates are levied in terms of the provisions of the Municipal Property Rates Act, 6 of 2004. The current valuation roll was implemented with effect from 1 July 2009 and the second interim valuation roll has been completed. The current valuation roll is valid until 30 June 2013 and provision needs to be made in the 2013/2014 financial year for expenditure relating to the compilation of the next general valuation roll.

The total valuation upon which assessment rates are levied amounts to R 1,597 Billion. Total revenue raised from assessment rates amount to R3,462 Million, representing an increase of 10% over the rate applicable to the 2011/2012 financial.

Categories Ratio in relation to residential property

Residential property 1:1
Agricultural property 1:0.25
Public service infrastructure property 1:0.25
Public benefit organization property 1:0.25

Proposed increase in tariffs as follows:

Water – 12% with an additional interval added for high water consumers

Electricity – 11%

Refuse – 10%

Assessment rates – 10%

Sewerage fees – 10%

OVERVIEW OF ALLOWANCES AND BENEFITS

2012/2013

OVERVIEW OF COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS 2012/2013 FINANCIAL YEAR

The remuneration payable to councillors and employees are set out hereunder.

Employee related cost wages and salaries

Housing subsidy	32 100.00
Bonuses	1 011 112.00
Overtime	500 000.00
Salaries	15 977 700.00
Standby allowances	650 000.00
Travel allowances	300 000.00
Other	198 400.00
Total	18 119 312.00

Employee related cost Social contributions

Bargaining council levies	5 397.00
Medical aid contributions	562 147.00
Pension/retire/provident	2 184 703.00
SDL contributions	121 332.00
UIF contributions	143 386.00
Total	3 016 965.00

Remuneration of Councillors

Medical contribution	136 555.00
Telephone allowances	82 236.00
Allowances: Councilors	1 070 408.00
Travel allowances	357 861.00
Total	1 647 060.00

The expenditure in respect of salaries allowances and benefits payable to staff and councillors amounts to R 22.78 Million and represents 50.67% of the total budgeted expenditure for the 2012/2013 financial year.

**SUMMARY OF LINE
ITEM BUDGET
OPERATING AND
CAPITAL**

2012/2013

BAVIAANS MUNICIPALITY - TOTAL BUDGET										
		Current Year 2011/2012				2012/2013 Medium Term Revenue & Expenditure Framework				
Vote Nuber	Description	Original Budget	Revised Budget	YTD Actual	Full year prediction	Budget year 2012/2013	Budget year 2013/2014	Budget year 2014/2015		
	OPERATING REVENUE									
	PROPERTY RATES	-2 695 106.00	-3 010 763.00	-1 898 567.18	-2 847 850.77	-3 462 377.00	-3 666 700.00	-3 861 100.00		
0564	Property Rates	-2 695 106.00	-3 010 763.00	-1 898 567.18	-2 847 850.77	-3 462 377.00	-3 666 700.00	-3 861 100.00		
	PENALTIES IMPOSED AND COLLECTION CHARGES ON	-60 000.00	-65 000.00	-59 028.85	-88 543.28	-50 000.00	-53 000.00	-55 900.00		
0648	Interest on Property Rates	-60 000.00	-65 000.00	-59 028.85	-88 543.28	-50 000.00	-53 000.00	-55 900.00		
	SERVICES CHARGES	-13 333 771.00	-13 936 545.00	-9 120 322.28	-13 680 483.42	-15 178 359.00	-16 074 300.00	-16 926 500.00		
0707	Water Sales	-2 657 145.00	-2 825 145.00	-2 023 921.93	-3 035 882.90	-3 164 162.00	-3 350 900.00	-3 528 500.00		
0708	Electricity - Conventional	-1 167 743.00	-1 240 000.00	-959 523.48	-1 439 285.22	-1 376 400.00	-1 457 700.00	-1 535 000.00		
0709	Sales Pre paid meters	-5 518 154.00	-5 518 000.00	-3 273 676.31	-4 910 514.47	-6 124 980.00	-6 486 400.00	-6 830 200.00		
0710	Electricity Bulk	-1 028 677.00	-1 300 000.00	-811 100.88	-1 216 651.32	-1 443 000.00	-1 528 200.00	-1 609 200.00		
0716	Refuse Removal	-1 500 883.00	-1 540 000.00	-1 106 561.50	-1 659 842.25	-1 694 000.00	-1 794 000.00	-1 889 100.00		
0719	Sanitation	-1 141 400.00	-1 221 400.00	-735 433.30	-1 103 149.95	-1 073 817.00	-1 137 200.00	-1 197 500.00		
0566	Buckets	-49 769.00	-12 000.00	-6 569.87	-9 854.81	-8 000.00	-8 500.00	-9 000.00		
0656	Sewerage Tanks	-270 000.00	-280 000.00	-203 535.01	-305 302.52	-294 000.00	-311 400.00	-328 000.00		
	RENT OF FACILITIES AND EQUIPMENT	-53 574.00	-86 000.00	0.00	0.00	-70 000.00	-74 200.00	-78 200.00		
0588	Rental of Assets	-53 574.00	-86 000.00	0.00	0.00	-70 000.00	-74 200.00	-78 200.00		
	INTEREST EARNED - EXTERNAL INVESTMENTS	-50 000.00	-150 000.00	-20 918.72	-31 378.08	-80 000.00	-84 800.00	-89 300.00		
0653	Interest on Current Account	-50 000.00	-150 000.00	-20 918.72	-31 378.08	-80 000.00	-84 800.00	-89 300.00		
	INTEREST EARNED - OUTSTANDING DEBTORS	-200 000.00	-250 000.00	-136 722.88	-205 084.32	-100 000.00	-105 900.00	-111 600.00		
0644	Interest and Surcharge	-200 000.00	-250 000.00	-136 722.88	-205 084.32	-100 000.00	-105 900.00	-111 600.00		
	FINES	-10 000.00	-20 000.00	-11 870.00	-17 805.00	-20 000.00	-21 200.00	-22 400.00		
0700	Traffic Fines	-10 000.00	-20 000.00	-11 870.00	-17 805.00	-20 000.00	-21 200.00	-22 400.00		
	INCOME FOR AGENCY SERVICES	-810 000.00	-1 020 000.00	-767 954.72	-1 151 932.08	-929 678.00	-984 600.00	-1 036 900.00		
0604	Vehicle Licences	-760 000.00	-1 000 000.00	-754 459.52	-1 131 689.28	-909 678.00	-963 400.00	-1 014 500.00		
0605	Vehicle Testing	-50 000.00	-20 000.00	-13 495.20	-20 242.80	-20 000.00	-21 200.00	-22 400.00		
	GRANTS & SUBSIDIES RECEIVED - Operating	-18 931 000.00	-20 447 000.00	-15 918 209.22	-17 882 313.83	-21 839 000.00	-23 127 600.00	-24 353 600.00		
0676	Project Management Unit	-522 000.00	-522 000.00	-801 209.22	-806 813.83	-600 000.00	-635 400.00	-669 100.00		
0570	MSIG	-790 000.00	-790 000.00	-790 000.00	-790 000.00	-800 000.00	-847 200.00	-892 200.00		
0734	EPWP Wages	-966 000.00	-2 482 000.00	-1 782 000.00	1 782 000.00	-2 000 000.00	-2 118 000.00	-2 230 300.00		

0567	Finance Management Grant	-1 500 000.00	-1 500 000.00	-1 500 000.00	-1 500 000.00	-1 500 000.00	-1 250 000.00	-1 323 800.00	-1 394 000.00
0594	Equitable Share	-15 153 000.00	-15 153 000.00	-11 045 000.00	-16 567 500.00	-17 189 000.00	-18 203 200.00	-19 168 000.00	-19 168 000.00
	OTHER OPERATING REVENUE	-3 070 583.00	-3 652 119.00	-1 110 601.99	-1 665 902.99	-2 030 800.00	-2 150 900.00	-2 265 600.00	
0508	Connection and Re Connections	-16 057.00	-6 000.00	-3 466.06	-5 199.09	-8 000.00	-8 500.00	-9 000.00	
0516	Cemetery Fees	-6 314.00	-8 000.00	-4 659.97	-6 989.96	-2 000.00	-2 000.00	-2 400.00	
0536	Building Fees	-11 997.00	-12 000.00	-6 933.41	-10 400.12	-10 000.00	-10 600.00	-11 200.00	
0560	Sundry Income	-17 535.00	-40 000.00	-21 974.97	-32 962.46	-40 000.00	-42 400.00	-44 700.00	
0561	Commission	-12 549.00	-20 000.00	-11 682.32	-17 523.48	-20 000.00	-21 200.00	-22 400.00	
0562	Membership Fees Tourism	-180 000.00	-120 000.00	-70 976.00	-106 464.00	-100 000.00	-105 900.00	-111 600.00	
0579	Events and other tourism t	-100 000.00	0.00	0.00	0.00	0.00	0.00	0.00	
0568	Photostats	-436.00	-800.00	-373.69	-560.54	-800.00	-900.00	-1 000.00	
0612	New Service Connections	-30 000.00	-20 000.00	-9 854.10	-14 781.15	-20 000.00	-21 200.00	-22 400.00	
0616	Rezoning Fees	-15 000.00	-15 000.00	-8 087.72	-12 131.58	-10 000.00	-10 600.00	-11 200.00	
0678	Vat Income	-2 670 685.00	-3 397 319.00	-959 000.00	-1 438 500.00	-1 800 000.00	-1 906 200.00	-2 007 300.00	
0720	Valuation Certificate	-10 000.00	-20 000.00	-13 593.75	-20 390.63	-20 000.00	-21 200.00	-22 400.00	
	TOTAL OPERATING REVENUE GENERATED	-39 214 034.00	-42 637 427.00	-29 044 195.84	-37 571 293.76	-43 760 214.00	-46 343 200.00	-48 801 100.00	
	LESS REVENUE FOREGONE	3 600 000.00	3 560 000.00	1 913 006.59	2 869 509.89	5 342 400.00	5 657 700.00	5 957 600.00	
0221	Free Basic Services	3 600 000.00	3 560 000.00	1 913 006.59	2 869 509.89	5 342 400.00	5 657 700.00	5 957 600.00	
	Rates Rebate								
	TOTAL DIRECT OPERATING REVENUE	-35 614 034.00	-39 077 427.00	-27 131 189.25	-34 701 783.88	-38 417 814.00	-40 685 500.00	-42 843 500.00	
	INTERNAL TRANSFERS - (the items below must net out with the corresponding items under	-4 985 654.00	-5 832 495.00	0.00	0.00	0.00	0.00	0.00	
0679	Grants Accumulated Surplus	-4 985 654.00	-5 832 495.00	0.00	0.00	0.00	0.00	0.00	
	TOTAL INDIRECT OPERATING REVENUE	-4 985 654.00	-5 832 495.00	0.00	0.00	0.00	0.00	0.00	
	TOTAL OPERATING REVENUE	-40 599 688.00	-44 909 922.00	-27 131 189.25	-34 701 783.88	-38 417 814.00	-40 685 500.00	-42 843 500.00	
	OPERATING EXPENDITURE								
	EMPLOYEE RELATED COSTS - WAGES & SALARIES	13 781 607.00	15 595 935.50	10 793 502.05	15 822 007.32	18 119 312.00	19 188 600.00	20 206 000.00	
001	Salaries	12 054 811.00	13 669 157.50	9 361 922.31	14 042 883.47	15 977 700.00	16 920 400.00	17 817 200.00	
002	Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
004	Allowance: Housing	30 997.00	33 637.00	15 729.60	23 594.40	32 100.00	34 000.00	35 900.00	
005	Uniforms	80 000.00	80 000.00	1 536.26	2 304.39	80 000.00	84 800.00	89 300.00	
006	Vehicle Allowance	326 055.00	326 055.00	213 319.12	319 978.68	300 000.00	317 700.00	334 600.00	
015	Cell Phone Allowance	139 738.00	139 738.00	52 248.00	78 372.00	68 400.00	72 500.00	76 400.00	
017	Overtime	275 851.00	275 851.00	323 252.56	484 878.84	500 000.00	529 500.00	557 600.00	
019	Allowance: Other	93 933.00	93 933.00	89 002.68	133 504.02	150 000.00	158 900.00	167 400.00	
020	Bonuses	780 222.00	977 564.00	736 491.52	736 491.52	1 011 112.00	1 070 800.00	1 127 600.00	
	EMPLOYEE RELATED COSTS - SOCIAL	2 367 006.00	3 033 810.00	1 274 726.00	1 912 089.00	3 016 965.00	3 195 300.00	3 365 000.00	

	TOTAL INDIRECT OPERATING EXPENDITURE	311 671.00	311 671.00	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL OPERATING EXPENDITURE	40 134 923.00	45 333 262.50	29 366 204.93	42 092 295.43	44 960 484.00	47 616 300.00		50 206 400.00
	OPERATING (SURPLUS) / DEFICIT - Total Income	-464 765.00	423 340.50	2 235 015.68	7 390 511.56	6 542 670.00	6 930 800.00		7 362 900.00
	TRANSFERS FROM/(TO) OTHER RESERVES	0.00	0.00	0.00	0.00	460 000.00	487 200.00		516 000.00
6283	CAPITAL REPLACEMENT FUND - CONTRIBUTION					460 000.00	487 200.00		516 000.00
6286	UNAPPROPRIATED SURPLUS / ACCUMULATED DEFICIT - WITHDRAWAL								
	CHANGE TO (UNAPPROPRIATED SURPLUS) /	-464 765.00	423 340.50	2 235 015.68	7 390 511.56	7 002 670.00	7 418 000.00		7 878 900.00
	CAPITAL REVENUE								
	GRANTS & SUBSIDIES RECEIVED - Capital	-19 374 000.00	-19 374 000.00	-12 916 000.00	-19 374 000.00	-18 665 950.00	-16 252 150.00		-18 076 000.00
80001	Department of Housing Local Govern	-9 099 000.00	-9 099 000.00	-6 066 000.00	-9 099 000.00	-4 940 000.00	-3 000 000.00		-3 960 000.00
80002	MIG Funds	-10 275 000.00	-10 275 000.00	-6 850 000.00	-10 275 000.00	-13 265 950.00	-12 764 950.00		-13 600 000.00
80003	Capital Replacement Fund	0.00	0.00	0.00	0.00	-460 000.00	-487 200.00		-516 000.00
	TOTAL CAPITAL REVENUE	-19 374 000.00	-19 374 000.00	-12 916 000.00	-19 374 000.00	-18 665 950.00	-16 252 150.00		-18 076 000.00
	CAPITAL EXPENDITURE								
	CAPITAL BUDGET	19 374 000.00	19 374 000.00	12 916 000.00	19 374 000.00	18 665 950.00	16 260 350.00		18 091 700.00
500052	Streets and stormwater Willowmore	4 214 717.00	4 214 717.00	2 809 811.33	4 214 717.00	1 500 000.00	1 500 000.00		1 500 000.00
500062	Streets and stormwater Steytleville	4 214 717.00	4 214 717.00	2 809 811.33	4 214 717.00	2 500 000.00	1 500 000.00		1 500 000.00
500072	Equipment Technical	0.00	0.00	0.00	0.00	260 000.00	275 400.00		291 700.00
460032	Steytleville Solid waste disposal site	0.00	0.00	0.00	0.00	0.00	2 500 000.00		0.00
460042	Willowmore Solid waste disposal site	0.00	0.00	0.00	0.00	0.00	0.00		0.00
460052	Rlerbron Landfill site	0.00	0.00	0.00	0.00	0.00	0.00		2 500 000.00
460062	Waste water treatment works	0.00	0.00	0.00	0.00	0.00	0.00		1 500 000.00
460072	Sewerage Down	7 495 000.00	7 495 000.00	4 996 666.67	7 495 000.00	1 200 000.00	0.00		0.00
460082	Eradication Bucket system Steytleville	1 495 566.00	1 495 566.00	997 044.00	1 495 566.00	0.00	0.00		0.00
780022	Safety plan	0.00	0.00	0.00	0.00	0.00	0.00		0.00
780032	Stormwater master plan	100 000.00	100 000.00	66 666.67	100 000.00	1 570 920.00	0.00		0.00
780042	Willowmore water supply Wilgerkloof	200 000.00	200 000.00	133 333.33	200 000.00	0.00	0.00		0.00
780052	Policy framework	0.00	0.00	0.00	0.00	6 045 030.00	7 264 950.00		6 600 000.00
780062	Permit licence	50 000.00	50 000.00	33 333.33	50 000.00	0.00	0.00		0.00
780072	Measure for water losses	100 000.00	100 000.00	66 666.67	100 000.00	0.00	0.00		0.00
740012	Steytleville Highmast Lighting	1 504 000.00	1 504 000.00	1 002 666.67	1 504 000.00	0.00	0.00		0.00
7526	LAND	0.00	0.00	0.00	0.00	450 000.00	0.00		0.00
790012	Down Housing	0.00	0.00	0.00	0.00	0.00	0.00		0.00
790022	Steytleville Housing	0.00	0.00	0.00	0.00	4 840 000.00	0.00		0.00
800042	Computer equipment	0.00	0.00	0.00	0.00	100 000.00	3 000 000.00		3 960 000.00
	TOTAL CAPITAL EXPENDITURE	19 374 000.00	19 374 000.00	12 916 000.00	19 374 000.00	18 665 950.00	16 260 350.00		18 091 700.00

DRAFT TARIFFS

2012/2013

BAVIAANS MUNICIPALITY**TARIFFS FROM THE 1 JULY 2012**

Description	2011/2012	2011/2012	Increase
<u>New Property Rates</u>			
All residential Properties above R 50 000	R 385 per year	R 423.50 per year	10%
All residential Properties from R 50 001 to R 100 000	R 420 per year	R 462 per year	10%
Households above R 100 000 - Steytleville	0.00424c/R	0.004664c/R	10%
Households above R 100 000 - Willowmore	0.00424c/R	0.004664c/R	10%
Households Rietbron	0.0031c/R	0.00372c/R	20%
Business - Steytleville	0.00545c/R	0.005995c/R	10%
Business - Willowmore	0.00545c/R	0.005994c/R	10%
Agricultural Property	0.000115c/R	0.0001265c/R	10%
State property	0.0069c/R	0.00759c/R	10%
Business in rural area	.00242c/R	0.002662c/R	10%
Vacant Land	.0116c/R	0.01276c/R	10%
<u>Administration (VAT 0%)</u>			
Standard Building Plan	120.00	132.00	10%
Building Fees	6.00m2	6.60m2	10%
Building Fees Deposit New Buildings	660.00	726.00	10%
Building Fees Deposit Alterations	660.00	726.00	10%
Building Fees Deposit RDP	220.00	242.00	10%
Building Fees Alteration	180.00	198.00	10%
Valuation Certificate (per certificate)	120.00	132.00	10%
Cleanrance Certificate (Waiting period 3 Days)	120.00	132.00	10%
Photo Copies (per page)	7.00	7.70	10%
Fax (per page)	12.00	13.20	10%
<u>Cemetary (VAT 0%)</u>			
Willowmore Town	180.00	198.00	10%
Steytleville Town	180.00	198.00	10%
Rietbron Town	104.54	125.45	20%
Both Towns one grave two persons	240.00	264.00	10%
Point out of grave	120.00	132.00	10%
Rietbron Town	42.89	51.47	20%
Willowmore Township	35.00	38.50	10%
Steytleville Township	35.00	38.50	10%
Both Townships one grave two persons	50.00	55.00	10%
Point out of grave	15.00	16.50	10%
<u>Commonage - Grazing Fee</u>			
Pound Fee Donkey per day	60.00	66.00	10%
Pound Fee Small Stock per day	25.00	27.50	10%
<u>Town Halls</u>			
Functions arrange and related to Municipality			
Deposit: Functions arrange and related to Municipality			
Any other functions	1 200.00	1 320.00	10%

Deposit: Any other functions	1 200.00	1 320.00	10%
Political Meetings	1 800.00	1 980.00	10%
Deposit: Political Meetings	1 200.00	1 320.00	10%
Kitchen	600.00	660.00	10%
Deposit: Kitchen	600.00	660.00	10%
No National, Provincial and Schools will be allowed to rent the Town Halls			

Community Halls

Community Halls: Willowmore	240.00	264.00	10%
Deposit Community Halls Willowmore	300.00	330.00	10%
Community Halls: Steytlerville	240.00	264.00	10%
Deposit Community Halls Steytlerville	300.00	330.00	10%
Municipality and National and Provincial Departments			
Community Halls: Rietbron	53.61	64.33	20%
Deposit Community Halls: Rietbron	133.48	160.18	20%

Town Hall Furniture

Chairs (per 20 chairs)	50.00	55.00	10%
Tables (per table)	15.00	16.50	10%
Deposit (per 20 chairs)	95.00	104.50	10%

Sanitation

Refuse	36.00	39.60	10%
Refuse Rietbron	6.90	8.28	20%
Septic Tank 5000L Tank	125.00	137.50	10%
Septic Tank 1000L Tank	25.00	30.00	20%
Sewerage Levy	28.00	30.80	10%
Sewerage Levy Rietbron	22.78	27.34	20%
Sewerage Clogging	68.00	74.80	10%
Sewerage Schools	165.00	181.50	10%
Sewerage Truck	18.00 per km	20.00 per km	10%

Electricity

Domestic Credit (BHBM)

Basic House Hold SHH2, WHH1, WHH2	88.00	97.68	11.00%
Units	0.72	0.80	11.00%

Domestic Pre-Paid (BHHPP)

Units	0.95	1.05	11.00%
Units Zaaimanshoek	1.03	1.14	11.00%

Small Business Credit Single

Phase (BBESL) incl. SBES1, SBES2, WKER			
Non Domestic not exceeding > 60 amp			
Basic Small Business	114.00	126.54	11.00%
Units	0.77	0.85	11.00%

Small Business Credit up to 30 amp (BBESM)

Non Domestic not exceeding 30 amp incl. (BPP1, SHH1, SPP1)			
Basic Small Business	226.00	250.86	11.00%
Units	0.69	0.77	11.00%

Small Business Credit 60 amp (BBESH)

Including G>200, G> 800, WBES2

Basic Small Business	352.00	390.72	11.00%
Units	0.69	0.77	11.00%

Description

Small Business Pre-Paid (BBPP)

Including BPP2, BPP3

Units	0.97	1.08	11.00%
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Large Power Users (WKVA)

Basic monthly maximum demand	90.00	99.90	11.00%
Energy consumption	0.60	0.67	11.00%

Street Lights (WSTR)

Units	0.44	0.49	11.00%
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Call out Fee	116.00	128.76	11.00%
Connection and Disconnection	142.00	157.62	11.00%
Connection and Disconnection Non Payment	245.00	271.95	11.00%
Deposit Households	710.00	788.10	11.00%
Deposit Business	1 820.00	2 020.20	11.00%
Deposit Non payment Households	710.00	788.10	11.00%
Deposit Business Non payment	1 820.00	2 020.20	11.00%
Testing of meters	128.00	142.08	11.00%
New connections Actual cost plus 5%			
Tampering with meters	1 900.00	2 109.00	11.00%

Water

Availability Charge - Business, Gov. Dept and Households	13.30	14.90	12.00%
Consume: 0-8kl per kl (only indigent households)		-	12.00%
Availability Charge Rietbron	13.40	15.01	12.00%
Consume Rietbron	2.27	2.54	12.00%
Consume: 0-20kl per kl (households)	3.99	4.47	12.00%
Consume: 21 - 50kl per kl (households)	4.38	4.91	12.00%
Consume: 51 - 80kl per kl (households)	5.05	6.06	20.00%
Consume 81 - 999999 per kl (households)	6.06	7.27	20.00%
Consume: 0 - 20kl per kl (business, guest houses, garages)	3.85	4.31	12.00%
Consume: 21kl - 50kl per kl (Business, guest houses, gara	4.24	4.75	12.00%
Consume: 50kl - 99999kl per kl (Business, guest houses, g	4.65	5.21	12.00%
Consume: 0kl - 99999kl per kl (government dept and schc	4.24	4.75	12.00%
Consume: Sport Grounds	4.38	4.91	12.00%
Availability Charge - Empty Stands	17.50	19.60	12.00%
Connect or disconnections (ordinary)	35.00	39.20	12.00%
Connect or disconnections (non payment)	87.40	97.89	12.00%
Deposit (ordinary)	125.50	140.56	12.00%
Deposit (non payments)	146.40	163.97	12.00%
Tampering with meters	1 750.00	1 960.00	12.00%

Hawkers

Hawker licences (Inside)	72 per year	80 per year	10.00%
Hawker licences (Outside)	600 per year	660 per year	10.00%
Rezoning Fees: Deposit	2 420.00	2 662.00	10.00%
Consent use valid for 2 years	110.00	121.00	10.00%

The following arrangement are available for defaulting account holders as listed below:			
Category	Description	Repayment period	
Indigent	Gross Income		
	(i) Free Basic Services and write off of arrears with first application and after that a maximum repayment of R50		
	(ii) A Further write off arrears can be allowed where the arrears linked to the a leakage of water and prove can be obtained that the leakage is repaired		
Deferment A	Makes in an arrangement (in writing) where the consumers pays the current account and Council write off the deferred amount over the repayment period of 12 Months or a minimum of R100		
Deferment B	Makes in an arrangement (in writing) where the consumer agrees to pay the current account and half of the deferment and the Council write off the other half of the deferred amount over the payment period of 18 Months or a minimum of R 100		
Deferment C	Makes in an arrangement (in writing) to pay current account + all arrears of 12 Months or a minimum of R 100		
Business Deferment	pays current account +pays 50% of arrears immediately and make an arrangement in writing for the remainder over 6 Months		
The Municipal Manager can agree on a settlement offer from an account holder where it seems to be in the best interest of the Municipality. This settlement has to be reported to Council.			
Churches, creche, sport clubs, welfare and any other welfare or NGO's will be treated as follows:			
• This category of account holder will be allowed to enter into arrangement for the repayment of arrears after (1) the installation of a prepaid meter and payment cost of conversion and the reassessed security deposit are paid upfront.			
(2) The property is registered in the name of the institution, that is the account holder, (3) the property is zoned as above.			
• A minimum down payment of 20% plus current account			
• A maximum repayment period of 36 months with a minimum instalment of R60 per month plus the current account			
Disconnection		2011/2012	2011/2012
Charges for disconnection or restriction of services		R 245.00	R 270.00
Charges for reconnection or reinstatement of services		R 245.00	R 270.00
Charges for Notices of Default		Nil	Nil
Penalty Charges for Illegal Connections		R 1 750.00	R 1 750.00
Penalty charges for dishonoured Cheques		R 60.00	R 66.00
Interest on Accounts		Prima + 2%	Prima + 2%
The amount to be deposited shall be determined in the following manner:			
Service	Initial Down Payment	Minimum Amount	Deposit Review
			after disconnection/ restriction of supply
All Municipal Service prepaid included	2,5 average monthly account	R 500.00	3,5 average monthly account
	2,5 average monthly account	R 1 150.00	3,5 average monthly account
	2,5 average monthly account	R 1 720.00	3,5 average monthly account
Water	2,5 average monthly account or 2.5 x the amount applied for	R 575.00	3,5 average monthly account
Only electricity prepaid plus water meter	2,5 average monthly account	R 230.00	3,5 average monthly account
All services	2,5 average monthly account	NIL	R 230.00
	property value R100000 and less and indigent account holders		
Targeting of Indigent Households - The Municipality's target approach is as follows:			
Targeting Approach	Application		
Household Income	Threshold determined in terms of the 2 government pension.		

DRAFT SDBIP

2012/2013

Provision of Basic Infrastructure

Objective 4.7: Supply Sustainable Basic Infrastructure to all inhabitants of Baviaans: Streets and Storm water

Strategy	Performance Measure (Indicator)	Target	Budget	1st Quarter			2nd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
				2012/2013	2012/2013		2012/2013	2012/2013		2012/2013	2012/2013		
Improve conditions of internal streets and storm water drainage in Willowmore and Steytleville	Phase III Upgrade of streets & storm water: Willowmore & Steytleville	Implement Phase III											

Objective 4.4: Supply sustainable basic infrastructure to all inhabitants of Baviaans: Sanitation

Strategy	Performance Measure (Indicator)	Target	Budget	1st Quarter			2nd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
				2012/2013	2012/2013		2012/2013	2012/2013		2012/2013	2012/2013		
Provide sanitation of an acceptable standard to all communities and	a) Willowmore Waste Treatment Works implementation business plan	Implement business plan											
b) Down Housing Sewerage	Install sewerage for Down Housing	Down Housing Sewerage											

Objective 4.1: Supply sustainable basic infrastructure to all inhabitants of Baviaans: water

Strategy	Performance Measure (Indicator)	Target for 2012/2013 Plan adopted by Council	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Well-planned documents for development areas in the municipality: water	a) Water Safety Plan	Plan adopted by Council														
	b) Storm water master plan	Plan adopted by Council														
	c) Policy framework for water & sanitation to farm workers	Policy adopted by Council														
	d) Measure of water losses	Execution of Plan														
	e) Permits / licenses for boreholes: Willowmore & Steytenville	Permits for boreholes														

Objective 4.5: Supply sustainable basic infrastructure to all inhabitants of Baviaans: Housing

Strategy	Performance Measure (Indicator)	Target for 2012/2013 Pre-planning	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Provide housing for needy people in Baviaans	a) Houses for farm workers															
	b) Building of 87 Infill housing in Steytenville	87 Happy letters														

Objective 4.10: Repair and maintenance of all infrastructure in Baviaans

Strategy	Performance Measure (Indicator)	Target for 2012/2013	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Maintain and repair all assets in Baviaans	a) Electricity	Spend 10% of municipal budget on maintenance														
	b) Water															
	c) Sanitation															
	d) Land / fences															
	e) Building															
	f) Equipment / Tools															
	g) TV															
	h) Parks															
	i) Streets															
	j) Sport grounds															
	k) Furniture and office equipment															

Financial viability and Management

Objective 1.1: A well established municipality with sufficient resources and institutional capacity to deliver an excellent municipal service

Strategy	Performance Measure (indicator)	Target for 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
			Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Increase collection of revenue base	a) 55% of all households must be registered as indigent basic services and administered process														
Effective collection of VAT	b) Effective collection of property rates	100%													
Effective collection of VAT	c) Collection of 100% service accounts	100%													
Effective collection of VAT	100% VAT claims	100%													

Municipal Institutional Development and Transformation

Objective 1.2: Working towards the creation of a stable capacitated personnel corps geared to increase service delivery and good performance in service delivery

Strategy	Performance Measure (indicator)	Target for 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
			Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Control complaints processes in Willowmore and Steytleville	Coordination and execution of budget for indigent repairs	Spend 100% of allocated budget													
Trained and skilled staff	Execution of work skills plan: training and skills development of staff	Spend 100% of allocated budget													

Good Governance & Public Participation

Objective 1.1: A well established municipality with sufficient resources and institutional capacity to deliver an excellent municipal service

Strategy	Performance Measure (Indicator)	Target for 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
			Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Improve the image of Bavians Municipality	Effective communication to public	a) 4x Bavians Newsletter													
		b) Customer Care Survey													

LOCAL ECONOMIC DEVELOPMENT

Objective 2.2 The youth of Bavians are actively integrated and contribute to community development

Strategy	Performance Measure (Indicator)	Target for 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
			Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Remove sense of helplessness and promote self development	a) Equipment of Bavians' Youth Advisory Centres	a) (i) Replace old outdated computers in centres													
		(ii) Provide Riebron computer centre with 20 computers													
	b) Computer training:	Train at least 150 x students on computer training													

Strategy	Performance Measure (Indicator)	Target for 2012/2013	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Promote education	(i) Fully equipped libraries in 4 x areas		Spent budget													
	(ii) Appoint EPWP in each library to assist with outreach programmes															

LOCAL ECONOMIC DEVELOPMENT (continue)

Objective 3.1 SMME's are provided with mandated municipal support that facilitates their growth and success

Strategy	Performance Measure (Indicator)	Target for 2012/2013	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Promote local economic development	* Execution of LED Action Plan		Spent budget													
Promote local economic development	Job creation: EPWP		Spent budget													

Objective 3.3 A pleasurable tourist experience

Strategy	Performance Measure (Indicator)	Target for 2012/2013	Budget 2012/2013	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			Comments
				Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance	
Promote local tourism	Execution of tourism action plan		Spent budget													



